Amendments to the Drawings:

Applicants propose to amend Figure 1 so as to include a label "10" for the clients C1, and a label "10" for the server, as described on page 4, lines 8-10 of the specification. A replacement drawing sheet containing Figures 1 and 2 is included with this amendment and reply, and includes the changes to Figure 1 as discussed above.

REMARKS

Applicants respectfully request reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

Status of Claims:

Claims 1, 2, 4, 6-8 and 10-13 are currently being amended.

Claim 3 is currently being canceled.

Claims 14-21 are currently being added.

This amendment and reply amends, adds and cancels claims in this application. A detailed listing of all claims that are, or were, in the application, irrespective of whether the claims remain under examination in the application, is presented, with an appropriate defined status identifier.

After amending, adding and canceling the claims as set forth above, claims 1, 2 and 4-21 are now pending in this application.

Claim Rejections – 35 U.S.C. § 112, 2nd Paragraph:

In the Office Action, claim 1 was rejected under 35 U.S.C. § 112, 2nd Paragraph, as being indefinite, for the reasons set forth on page 2 of the Office Action. Claim 1 has been amended to address the indefiniteness issues raised on page 2 of the Office Action, whereby presently pending claim 1 is believed to fully comply with 35 U.S.C. § 112, 2nd Paragraph.

Claim Rejections – Prior Art:

In the Office Action, claims 1, 3-6 and 10-12 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Publication No. 2002/0031230 to Sweet et al. in view of U.S. Patent No. 6,236,971 to Stefik et al.; and claims 2, 7-9 and 13 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Sweet in view of Stefik and further in view of U.S. Patent No. 6,397,329 to Aiello et al. These rejections are traversed with respect to the presently pending claims under rejection, for at least the reasons given below.

In its rejection of claim 3, whereby those features are now incorporated into presently pending independent claim 1, the Office Action asserts that column 14, lines 20-25 and 34-40

of Stefik "teach the use of a policy using repository security classes which can create and calculate such a value as described above." Applicants respectfully disagree with this assertion. Namely, column 14, lines 20-25 and 34-40 of Stefik merely describes a processor memory that contains software instructions to perform repository functions, and a descriptor tree storage may be stored in a solid state storage, and a clock may be used for metering usage fees for digital works. These passages of Stefik do not come close to teaching or suggesting a policy that provides that a second value is related to an economic penalty associated with provision of a service to an ineligible user, as explicitly recited in claim 1. It appears that the Office Action is asserting that just because Stefik has the computer resources that are capable of performing the features recited in claim 1, it teaches those features. This is incorrect, since Stefik says nothing about the specific features recited in claim 1.

Therefore, since Sweet et al. does not rectify the above-discussed shortcoming of Stefik (as acknowledged in the Office Action), presently pending independent claim 1 is patentable over the combination of Sweet et al. and Stefik.

With respect to dependent claim 5, the Office Action asserts that column 6, lines 15-30, and column 14, lines 20-25 and 34-40 of Stefik teach the features recited in this claim. Applicants respectfully disagree. Namely, claim 5 recites that the economic penalty associated with provision of service to ineligible users includes a value representative of dilution of economic value to eligible users consequent to provision of the service to ineligible users. Such features are not taught or suggested in the above-cited portions of Stefik, whereby the portions in column 14 of Stefik (lines 20-25 and 34-40) have been discussed above with respect to claim 1, and whereby column 6, lines 15-30 of Stefik merely lists different types of repository transactions, whereby such transactions do not come close to teaching or suggesting the features recited in claim 5.

Accordingly, dependent claim 5 is patentable for these additional reasons.

Similarly, with respect to dependent claim 6, that claim recites that the economic penalty includes any costs arising from the provision of network and server capacity to ineligible users. Such features are not taught or suggested in the above-cited portions of

Stefik, whereby the portions in column 14 of Stefik (lines 20-25 and 34-40) for which claim 6 was rejected have been discussed above with respect to claim 1, and whereby column 6, lines 15-30 of Stefik merely lists different types of repository transactions, whereby such transactions do not come close to teaching or suggesting the features recited in claim 6.

Accordingly, dependent claim 6 is patentable for these additional reasons.

With respect to independent claim 10, that claim recites: upon establishing ineligibility of a user, determining upon the basis of a predetermined policy, a value for economic disbenefit to a provider of the service of (a) invalidation of the ineligible user's security key; and (b) provision of service to an ineligible user. In its rejection of claim 10, the Office Action asserts that the features recited in that claim "map directly onto the ones shown in claim 1 and are rejected under the same premise", but Applicants respectfully disagree, since claim 10 recites different features than the ones recited in claim 1. Namely, claim 10 recites a step of a value of **economic disbenefit** to a provider of a service, based on two factors as mentioned above. In Stefik, column 15, lines 15-25 describe that an inexpensive handheld repository may be used in cases where losses caused by an individual instance of unauthorized copying is insignificant. The determination of where to place a repository for storing copyrighted material, as taught by Stefik, is not related to invalidating (or not) a user's key based on a determination of economic disbenefit to a provider of a service, since no security key invalidation is being performed in the system of Stefik.

Accordingly, since Sweet et al. does not rectify the above-mentioned shortcomings of Stefik (as acknowledged in the Office Action), presently pending independent claim 10 is patentable over the cited art of record.

New Claims:

New claims 14-21 have been added to recite additional features of the present invention that are believed to provide an additional basis of patentability for those claims. For example, new claims 14 and 15 recite features seen best in the triangular areas shown in Figure 4 of the drawings. Also, the specific costs delineated in new claims 16 and 17 are not taught or suggested by the cited art of record, when taken as a whole. New claims 18 and 19

are directed to placing the security key in a cookie returned to a user (or users) by a server, whereby such features (as shown in Figure 3 of the drawings) are not taught or suggested by the cited art of record, when taken as a whole. New claims 20 and 21 include features related to costs associated with creating a new binary tree due to too many security keys being invalidated in an existing binary tree, whereby such features are not taught or suggested by the cited art of record, when taken as a whole.

Conclusion:

Since all of the issues raised in the Office Action have been addressed in this Amendment and Reply, Applicants believe that the present application is now in condition for allowance, and an early indication of allowance is respectfully requested.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

Respectfully submitted,

Date January 17, 2007

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